PARK CITY COUNCIL MEETING
SUMMIT COUNTY, UTAH
July 18, 2018

PUBLIC NOTICE IS HEREBY GIVEN that the City Council of Park City, Utah will hold its regularly scheduled meeting at the Marsac Municipal Building, City Council Chambers, 445 Marsac Avenue, Park City, Utah for the purposes and at the times as described below on Wednesday, July 18, 2018.

SPECIAL MEETING - MID YEAR RETREAT

I. ROLL CALL

II. 10:15 a.m. - INTRODUCTIONS

III. 10:30 a.m. - AFFORDABLE HOUSING DISCUSSION

Affordable Housing Overview
Affordable Housing Staff Report

IV. 12:30 p.m. - HIKE TREASURE HILL

V. 1:30 p.m. - LUNCH

VI. 2:00 p.m. - COUNCIL DISCUSSION:
What is the One Outcome You Would Like to See Accomplished?

VII. 3:00 p.m. - BREAK

VIII. 3:15 p.m. - ECONOMIC DIVERSITY DISCUSSION

Economic Diversity Overview
Economic Diversity Staff Report

IX. ADJOURNMENT

A majority of City Council members may meet socially after the meeting. If so, the location will be announced by the Mayor. City business will not be conducted. Pursuant to the Americans with Disabilities Act, individuals needing special accommodations during the meeting should notify the City Recorder at 435-615-5007 at least 24 hours prior to the meeting. Wireless internet service is available in the Marsac Building on Wednesdays and Thursdays from 4:00 p.m. to 9:00 p.m. Posted: See: www.parkcity.org

***Parking validations will be provided for Council meeting attendees that park in the China Bridge parking structure.**

Agenda Item No:

Council Agenda Item Report

Meeting Date: July 18, 2018
Submitted by: Michelle Kellogg
Submitting Department: Executive
Item Type: Staff Report
Agenda Section: 10:30 a.m. - AFFORDABLE HOUSING DISCUSSION

Subject:
Affordable Housing Overview

Suggested Action:

Attachments:
Affordable Housing Staff Report

City Council: Mid-year Retreat
Staff Communications Report

Subject:	**Affordable Housing**
Author:	**Jason Glidden and Anne Laurent**
Department:	**Community Development**
Date:	**July 18, 2018**
Type of Item:	**Informational**

Background

Establishment of Housing Goal: On August 4, 2016 City Council added the qualitative measurement to the housing critical goal of 800 new affordable units by 2026, an average of 80 units per year, with an intermediate goal of 200 units by 2020. The following analysis was provided in the staff report on how developing 600 new units was ambitious but possible:

- Private Development could potentially generate 300+/- units estimated within 5 to 15 years through inclusionary housing obligations; however the timing of the new units is uncertain.
- City Development could potentially generate 300+/- units by 2026.
  - 80 +/- units by 2019 (1450 Park Ave, Central Park Condos, Woodside Phase 1 and 2)
  - Another 220 potential units on other City owned land of which 120 that will be challenging or expensive sites to develop due to issues such as access, zoning, and/or contaminated soils.
- Rental unit goals were not included and required additional funding revenues.

Analysis

Progress to date on established goal:

- Private development has generated 14 new affordable units at Park City Heights since 2016 and has another 6 under construction, Empire Pass has obtained approvals for new development triggering a couple of affordable units, and King's Crown development has broken ground on a 15 unit affordable/attainable condo building.
- The City has completed the 1450 Park Avenue Project (8 single family detached homes) and resold the Central Park Condo units (11 stacked flat style condominium units) as affordable. Woodside Phase 1 is under construction with 11 new affordable units and Woodside Phase 2 is being design to include 58 units.

Issues:

- The challenge identified in the August 4, 2016 staff report was identifying funding for affordable housing units beyond RDA funding.
- The cost of construction continues to rise each year.

Pipeline Projects:

- Under certain timing scenarios which include construction and sales of units and cash flow considerations, RDA revenues are scheduled to fund Woodside

Phases 1 and 2, Homestake, and Bonanza Park East housing projects. Depending on construction costs and the established sale prices, Bonanza Park East and Homestake may require alternative funding if they include rental units.

- Woodside Phase 1 incudes 11 affordable units (including 4 accessory apartments) plus one City retained unit estimated completion 2018.
- Woodside Phase 2 includes 58 units and estimated completion is 2019.
- Homestake includes 60 units and has an undetermined construction schedule (2020 or 2021) and dependent on the schedule of other projects funded by the RDA.
- Bonanza Park East is a larger mixed use project and will not be completed until 2021 or 2022.
- The City developed projects in the housing pipeline target a return on investment of 80 percent or better on the total construction cost, therefore up to 20 percent of the construction cost and land value may be used to subsidize the project.

Other Possible Tools

1) Persue Public/Private Partnerships
   a) Make code and zoning revisions to make more City owned properties eligible for affordable housing development.
   b) Issue an RFQ/RFP for interested private development partners for City owned property.
2) Consider alternative finding strategies to develop affordable rental properties (A new Park City Housing Authority Rental Housing Concept Strategy will be presented as part of the retreat).

Links to Reference Documents

1) 2016 EPS Housing Review Report (Blue Ribbon Housing Committee)
2) 2016 City Council BHAG Affordable Housing Staff Report (p. 10)
3) 2016 City Council BHAG Affordable Housing Meeting Minutes (p. 3)
4) 2017 Jim Wood Housing Needs Assessment Report
5) 03-2017 Housing Resolution
6) 2017 Housing Assessment and Plan

Policy Questions

1) Does City Council want to adjust the City's Affordable Housing goal?
2) Does City Council want to look at a larger regional approach to housing which may include partnerships outside of the City limits?
3) Who does the City want to prioritize with housing program - workforce vs. community building or some mix of both?
4) Does City Council wish to reduce/relax development standards to reduce costs of affordable housing development – design and construction?
5) Is City Council supportive of continuing to evaluate and develop alternative financing options to fund affordable rental housing?

Agenda Item No:

Council Agenda Item Report

Meeting Date: July 18, 2018
Submitted by: Michelle Kellogg
Submitting Department: Executive
Item Type: Staff Report
Agenda Section: 3:15 p.m. - ECONOMIC DIVERSITY DISCUSSION

Subject:
Economic Diversity Overview

Suggested Action:

Attachments:
Economic Diversity Staff Report

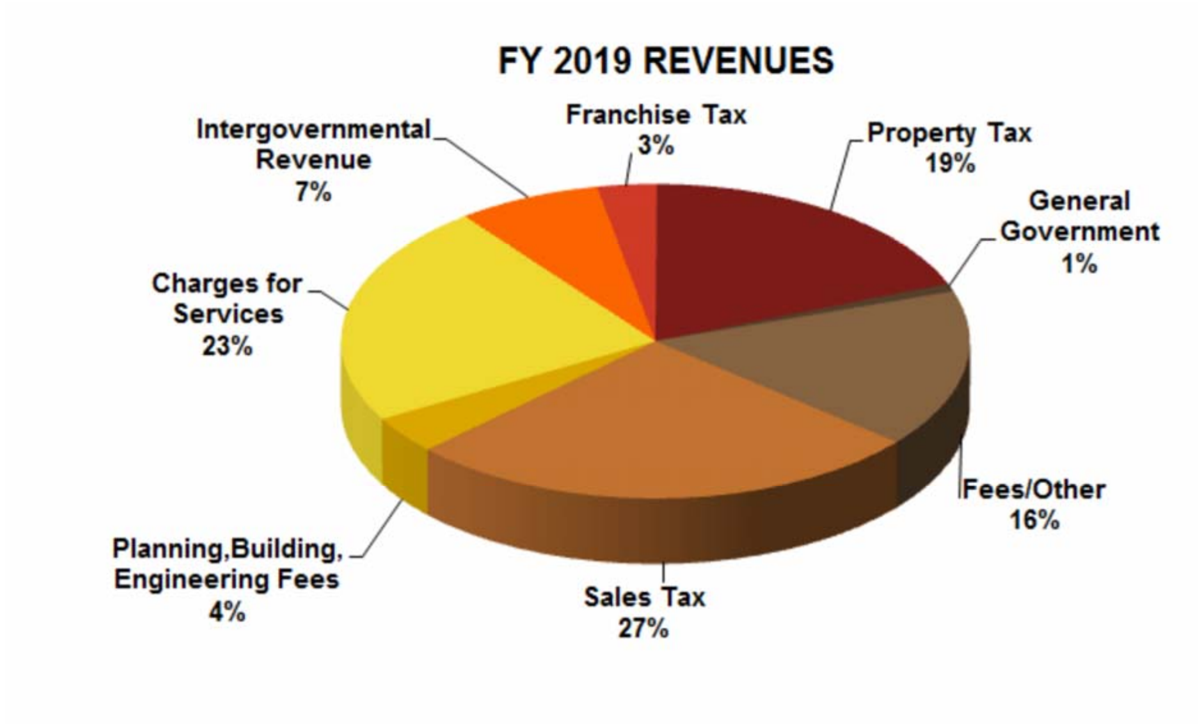
Economic Diversity – 2018 City Council Mid-year Retreat

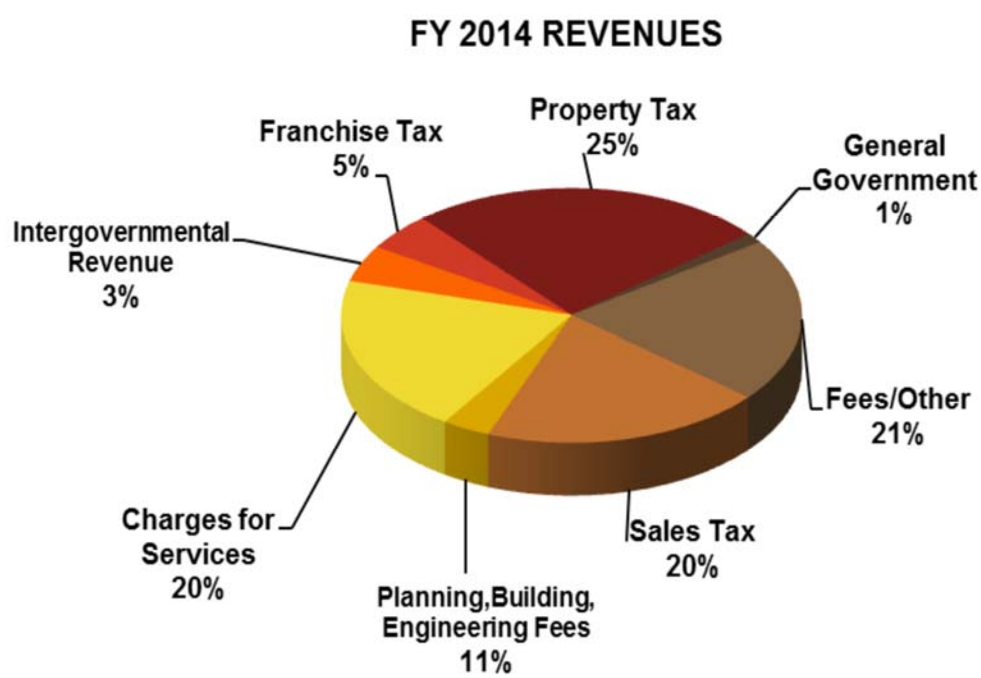
1. Evolution of Park City's Economy
   a. Mining; 2011 = 50th anniv. of Federal ED grant; Growth of skier days, tax base & second home market.
   b. Consistent ED goal of growing a year round destination resort economy.
   c. City has pursued creating "place" via capital pjts./infrastructure, open space & events. Most recent ED Plan (link to ED Plan).
   d. Time to refine (i.e. events) & ID what's next.
   e. What will create a resilient economy for 20 years and beyond?
2. Economics, Performance & tax base over time (Ex A).
3. Climate overview/threat (Ex B).
   a. Effect on Winter
   b. Effect on summer:
      i. Threat of fire & impacts on air quality;
      ii. Opportunity to grow destination or regional visitor?
4. Analysis & Considerations:
   a. Our economic success has allowed us to focus on other critical priorities outside the economy.
   b. Changing dynamics in the resorts themselves, including: Ownership at Deer Valley; Ikon & Epic passes; Anticipated base area development at every resort and Mayflower should be monitored closely. The resorts are the anchor for visitor spending and second homes. There will be more growth, tax base and traffic, but also opportunities to partner with the resorts to affirmatively shape outcomes.
   c. Switching from a resort economy is cost is difficult.
   d. Labor a huge challenge. Without density it will continue to be more of a challenge.
   e. Summit County ED (competing in the resort economy, workforce housing & transpo.).Wasatch County.
   f. Business Dlvpt. & Start up – Biz that reinforce our brand are great, but may create limited high paying jobs, and come with significant challenges of lack of workforce and extreme cost of living challenges. Still, the ones we've chosen, because they live here, and build community, reinforce our brand/lifestyle and diversify us, have been great. We should continue this work.
   g. Winter is the majority of our tax base, but with climate change it may shrink. Summer occupancy is catching winter, but sales/person is significantly less than the winter guest and comes with more cars (regional visitors).
5. Recommendation
   a. Diversify within the current destination economy. Focus on arts and culture (A&C) and building many diverse aspects of the creative class:
      i. City A&C Study - Link to A&C Study (p. 67, Webb Study p. 71).
      ii. Summit County Arts Council ABC study (https://www.projectabcsc.com/stateofthearts).
   b. Pursue a specific focus within A&C on culinary tourism. This is further ED diversity within the A&C space, supported by the PCMC 2011 Year Round Economic Generator Study, which is a supplement to the General plan (link). Specific components of this study that are consistent with this drive include a food hall (p.91), and community kitchen (p.93).
   c. Another area identified in the 2011 Year Round ED Study that staff seeks support to further explore is higher education. A specific concept that we are noodling on is a branch campus for Hospitality/Hotel/Real Estate, similar to the Cornell Hospitality school(https://sha.cornell.edu/. This would be specific support to the destination economy and potentially address workforce concerns.

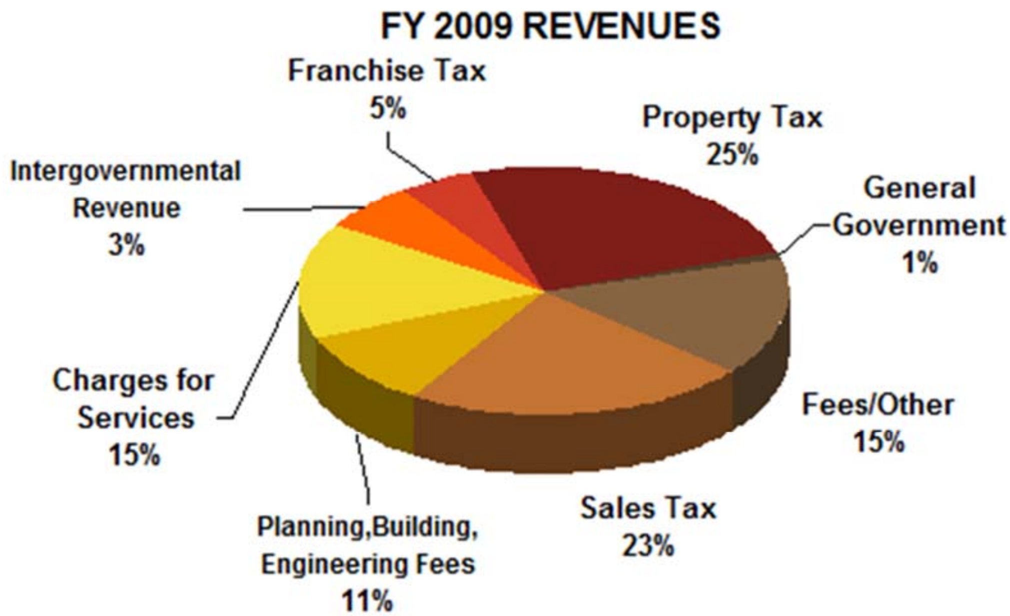
d. Social Equity will be a natural outcome of diversifying within the A&C space and also if a higher ed. Program is pursued.
e. The ongoing changing dynamics at the resorts should be monitored closely. City Council should consciously consider proactively working with the resorts to shape preferred outcomes with growth patterns, transit, parking, and sales taxes.
f. Events – continue to focus on mitigation of impacts and refinement of the calendar by focusing on alignment of events that build community character and are consistent with community/Council goals; including events that promote world class athletics (USSA, Olympics, etc.), and A&C events (SD, Arts Fest, Savior the Summit, etc.).

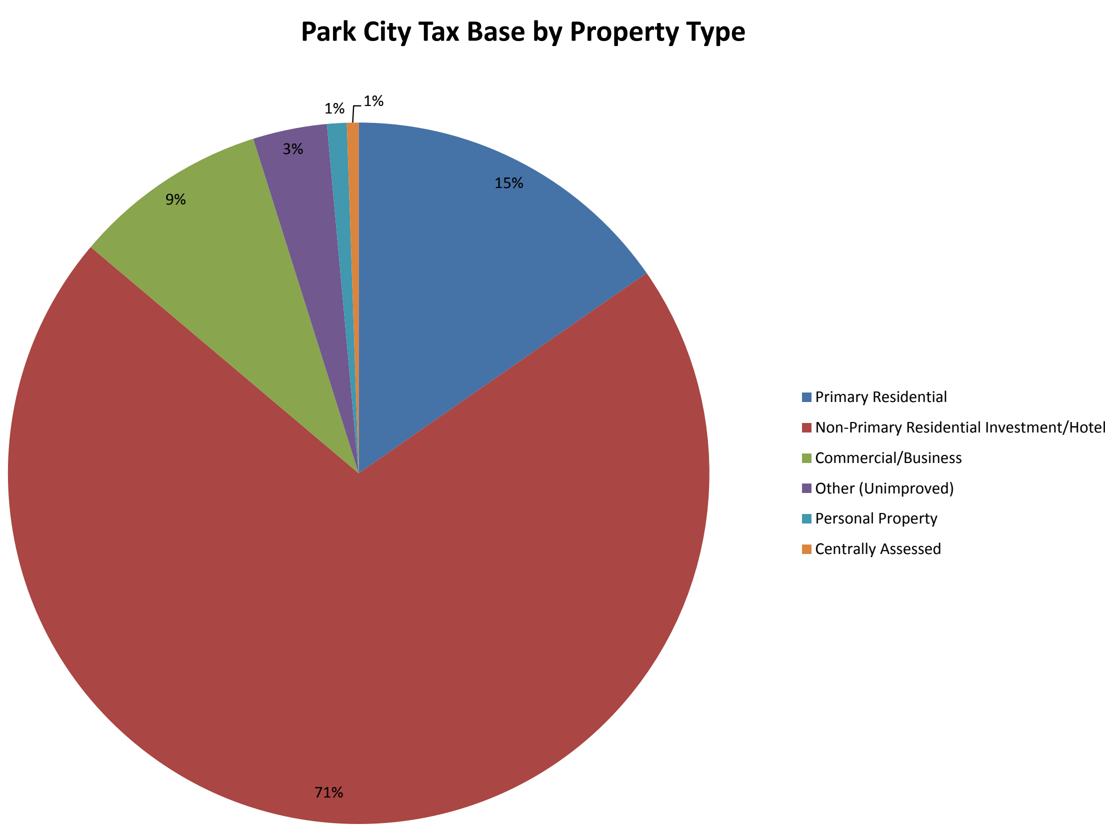
6. Alternatively we could refocus on traditional RDA infrastructure approach and preserving downtown character by updating the 1998 Downtown Action Plan & 2011 IBI/HPCA/PCMC Downtown plan. The focus could be on creating and preserving character and protecting the Historic District, by possibly looking at:
    a. Future RDA of Swede Alley; Opportunities for local Biz (incubation & entrepreneurship); Central Gathering area at Post office/Bob Wells; For hire vehicle infrastructure.
7. Policy Questions
    a. Does everyone still support the multi-season, resort based economy, which breeds a strong, second home owner property tax base? Yes this approach has facilitated growth, but managed growth with superb amenities. Has also allowed us to focus on other community priorities.
    b. What are ways to strengthen and build on our past successes? Does CC agree that the Arts & Culture /creative class should be a huge focus?
    c. What are ways to strengthen the spending of the summer visitor? Staff seeks discussion on expanding the A&C conversation beyond City owned property.
    d. Proactive vs. Reactive Posture. There are opportunities with the resorts and business districts to be proactive, in particular, the anticipated developments at base areas (DV, PCM, & Canyons, Mayflower). If the free market is delivering mostly high end residential, should we should we pursue legislative tools (predictable, likely less impactful) and/or public/private partnership tools (faster, more risk, more money) to pursue preferred outcomes in transit, parking, and land use, etc.?

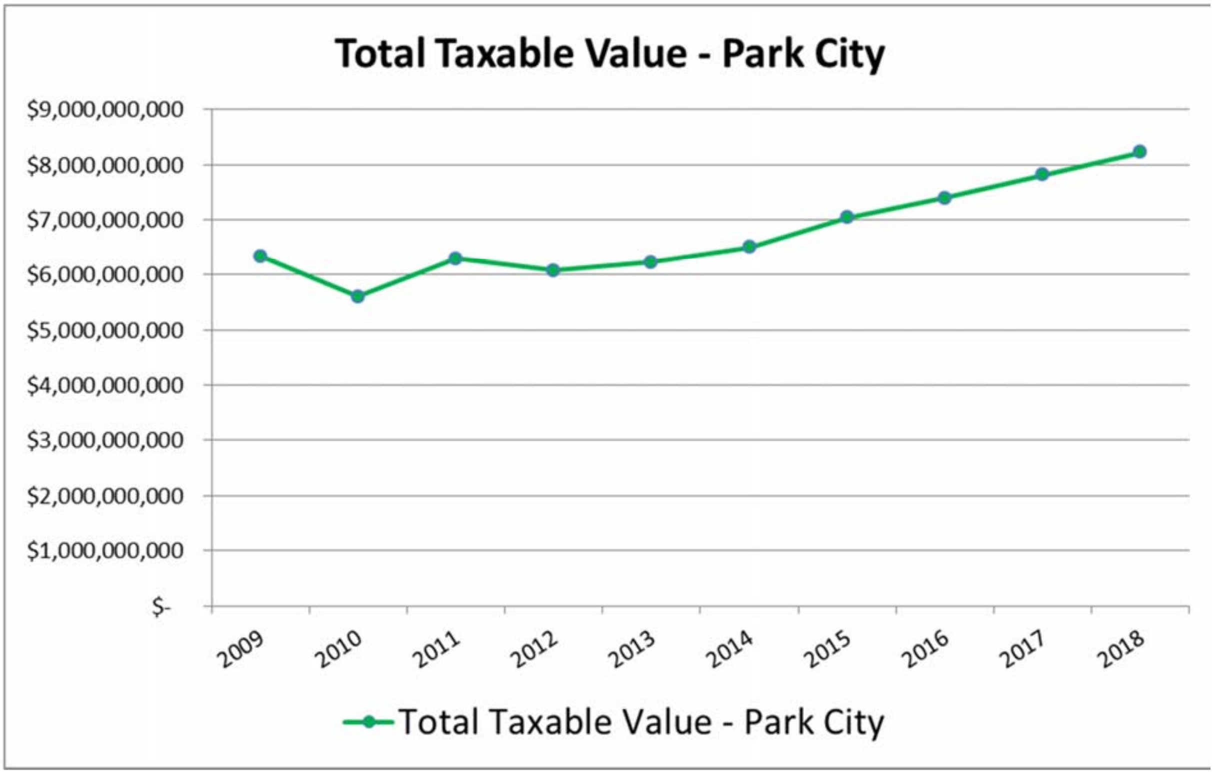
Exhibit A – Tax Base Overview

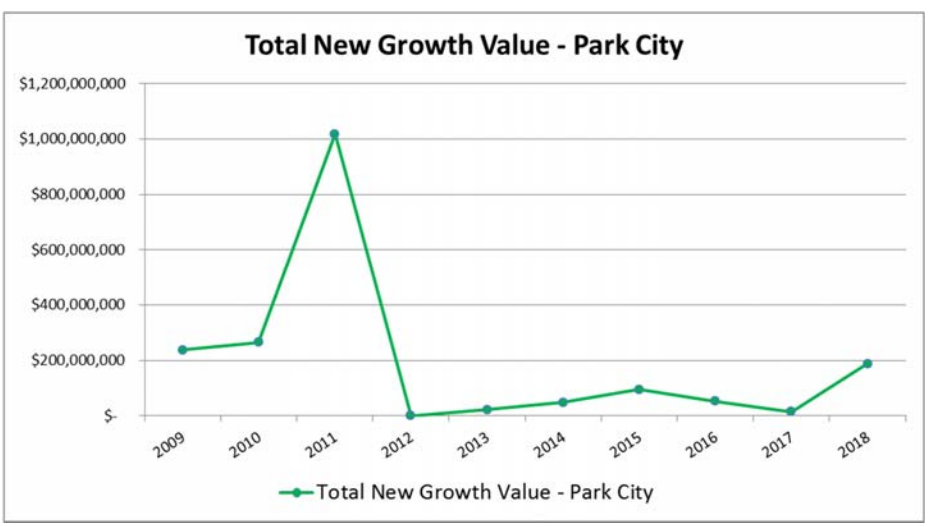


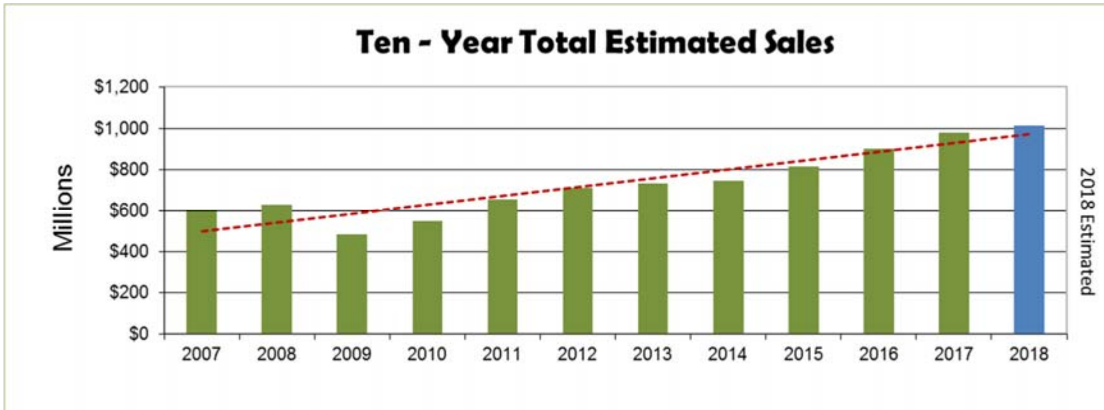


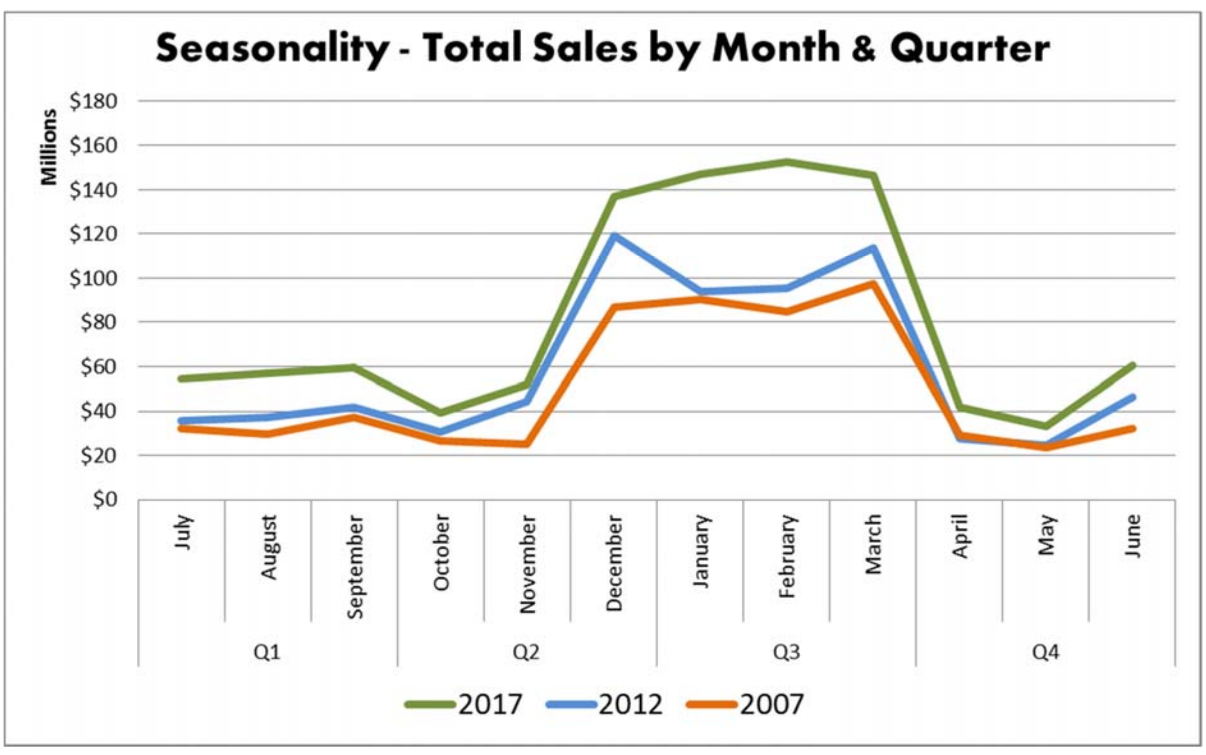

FY 2009 REVENUES
Franchise Tax
5%
Property Tax
25%
Intergovernmental
Revenue
3%
General
Government
1%
Charges for
Services
15%
Fees/Other
15%
Planning,Building,
Engineering Fees
11%
Sales Tax
23%

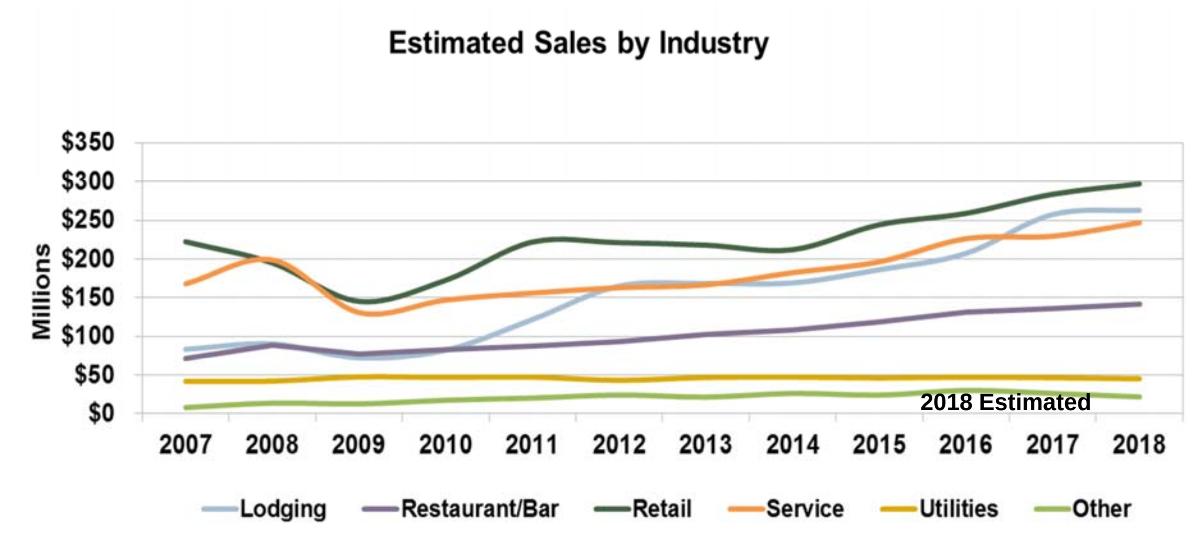

Park City Tax Base by Property Type
1%
1%
3%
15%
9%
71%
Primary Residential
Non-Primary Residential Investment/Hotel
Commercial/Business
Other (Unimproved)
Personal Property
Centrally Assessed

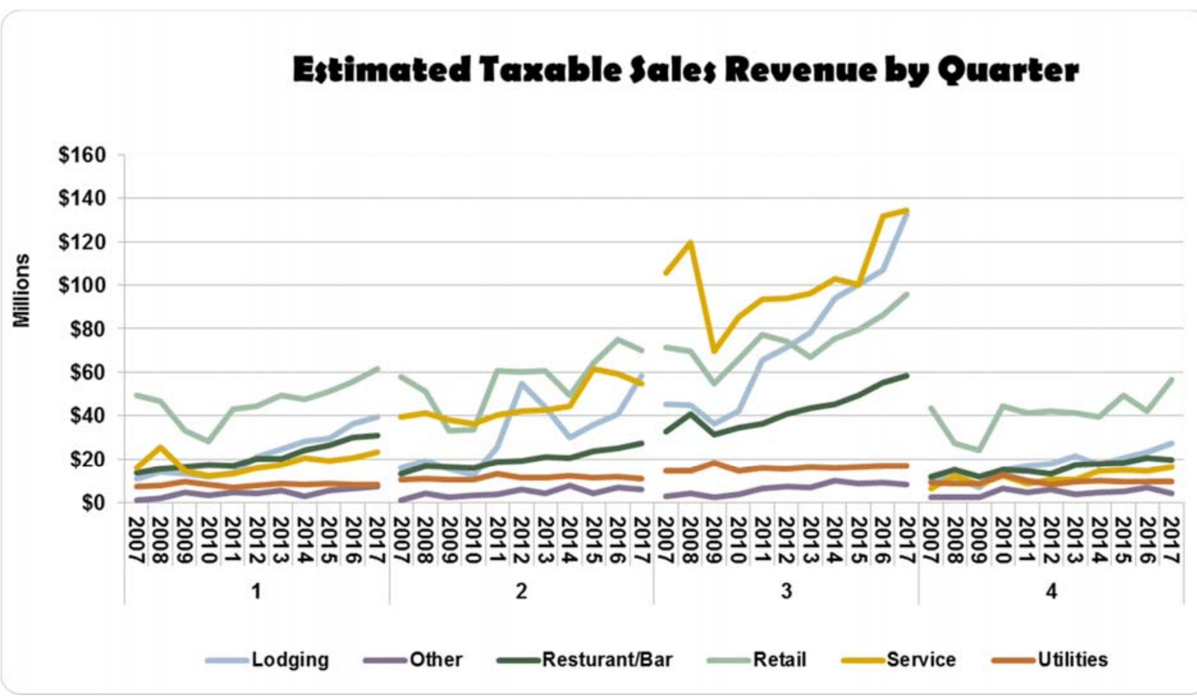

Total Taxable Value - Park City
$9,000,000,000
$8,000,000,000
$7,000,000,000
$6,000,000,000
$5,000,000,000
$4,000,000,000
$3,000,000,000
$2,000,000,000
$1,000,000,000
$-
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
Total Taxable Value - Park City


Total New Growth Value - Park City
$1,200,000,000
$1,000,000,000
$800,000,000
$600,000,000
$400,000,000
$200,000,000
$-
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
Total New Growth Value - Park City


Ten - Year Total Estimated Sales
Millions
$1,200
$1,000
$800
$600
$400
$200
$0
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2018 Estimated


Seasonality - Total Sales by Month & Quarter
Millions
$180
$160
$140
$120
$100
$80
$60
$40
$20
$0
July
August
September
October
November
December
January
February
March
April
May
June
Q1
Q2
Q3
Q4
2017
2012
2007


Estimated Sales by Industry
Millions
$350
$300
$250
$200
$150
$100
$50
$0
2018 Estimated
2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018
Lodging
Restaurant/Bar
Retail
Service
Utilities
Other


Estimated Taxable Sales Revenue by Quarter
Millions
$160
$140
$120
$100
$80
$60
$40
$20
$0
2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017
1
2
3
4
Lodging
Other
Resturant/Bar
Retail
Service
Utilities

- **Occupancy**

  Annual (Jan-Dec)
  2011 – 31.2%
  2012 – 33.4%
  2013 – 36.9%
  2014 – 38.4%
  2015 – 42.8%
  2016 – 42.9%
  2017 – 44.4%

  Summer (May-Oct)
  2011 – 24.9%
  2012 – 30.0%
  2013 – 33.7%
  2014 – 34.7%
  2015 – 41.1%
  2016 – 38.7%
  2017 – 40.8%

  Winter (Nov-Apr)
  11/12 – 36.6%
  12/13 – 40.1%
  13/14 – 42.4%
  14/15 – 42.8%
  15/16 – 47.4%
  16/17 – 48.3%
  17/18 – 47.5%

- **Estimated Daily Spend (Per Person / Per Night) :**

  - **Winter ($386.08):** This data comes from **17/18 Ski Utah Study** and is based on overnight (destination) guests that stayed in Park City / Summit County. This number is gathered during an intercept study and is self-reported by the respondent. This includes both on-mountain and off-mountain spending, but does not include airfare. *Remember, this data is per person / per night stayed.*

  - **Summer Out-of-State ($167.63):** This data comes from the Chamber's 2017 Summer Guest Study and is based on *out-of-state overnight guests (80%)* that stay in Park City / Summit County. Chamber has tried to match the same methodology as the winter Ski Utah Study so they can compare and contrast the results against winter data. Like the winter, it doesn't include airfare. *Remember, this data is per person / per night stayed.*

  - **Summer In-State ($154.83):** This data comes from Chamber's 2017 Summer Guest Study and is based on in-state overnight guest (20%) that stays in Park City / Summit County. Chamber tried to match the same methodology as the winter Ski Utah Study so they can compare and contrast the results against winter data. *Remember, this data is per person / per night stayed.*

Exhibit B – Climate Background

Snowpack variability across Uinta-Wasatch-Cache Forests:

- Prolonged and intense droughts will become common. The risk of drought is expected to potentially double by the end of the 21^{st} century.
- When drought isn't present, unusually high snowpack and strong rain events will create major flooding concerns.
- Snowpack decline will be at least 4-weeks earlier due to combination of warmer temperatures and rain events.
- 50% of areas that currently see snowfall in the winter will have no snowfall by 2080.

Stronger high-pressure ridges

- The likelihood of strong, high-pressure ridges could create challenges with air quality, temperatures, and natural snowfall. These high-pressure ridges, referred to as quasi-stationary high amplitude atmospheric wave patterns, affect the western United States with dry and warm conditions. The ridge does not allow smaller storms to pass through, resulting in drought-like conditions and impaired air quality. These events have become stronger and more frequent. This will result in a significantly higher probability of inversions in the Salt Lake region, and diminished natural snowfall in the mountains.
- These high pressure ridges will affect western snowpack, not just in Park City. Variability will lead to more droughts as well as unusually high snowpack across the west. Combined with warmer temperatures, rain events will become more common in southern/lower elevations. Park City could has less rain events than Lake Tahoe, however more rain events than Colorado resort towns.

Fewer sub-freezing days

- Utah has shown a steady decline of days below freezing since 1970. This trend is projected to continue through 2030 and result in an estimated loss of 10 to 15 days of days below freezing.

Significant warm events

- In early spring, there has been a higher occurrence of prolonged unseasonable temperatures. This causes quick melting, flooding, and loss of snowpack. An example of this event was during February 2017. February saw record temperatures throughout the west, resulting in expedited melting. Heber Airport reported 19 consecutive days with temperatures (33- 60°F) significantly above freezing. The resulting melt created flooding. Snowpack below 7,500 feet completely melted out in less than two weeks.

Fire Impacts:

- US fire season is now 103 days longer.
- Park City will see higher rate of temperature increase in summer. This, combined with drought, will exacerbate fire-risk.